

In the Matter of the Dispute Between	*	FACT FINDER'S
CITY OF COUNCIL BLUFFS, IOWA	*	REPORT AND RECOMMENDATIONS
and	*	Iowa PERB CEO #180/1
AMERICAN FEDERATION OF STATE, COUNTY, AND MUNICIPAL EMPLOYEES (AFSCME, LOCAL 2844)	*	Richard Pagnetter Fact Finder
	*	March 9, 2003

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APPEARANCES

For the City:

James Brick, BRICK, GENTRY, BOWERS, SWARTZ, STOLTZE, SCHULING & LEVIS,
P.C., Des Moines, Iowa

For the Union:

Danny Homan, AFSCME/Iowa Council 61, Des Moines, Iowa

On March 6, 2003 a hearing in the above matter was held before the undersigned Fact Finder in Council Bluffs, Iowa. During the hearing, both the Union, American Federation of State, County, and Municipal Employees, Local 2844, and the City, City of Council Bluffs, were given full opportunity to present evidence and testimony. The hearing began at 9:00 AM on March 6 and ended at 1:45 PM on the same day. Neither party sought to file a post-hearing brief. Because of the time constraints associated with the Iowa public bargaining law and the date of the Fact Finding hearing in the dispute, the Fact Finder stipulated that an expedited Report and Recommendations would be provided within four days of the March 6 hearing date.

Background. Located on the western border of the state, the City of Council Bluffs is one of the ten largest municipalities in Iowa with a population of over 58,000. The City employs nearly 500 workers who provide a full range of support services. The Union represents 104 employees in the public works, parks, recreation, and public property departments. These employees are covered by approximately 30 job classifications which range from mechanics, to equipment operators, to maintenance workers.

The parties were engaged in negotiations for a new contract, to take effect in July of 2003. After bargaining and mediation were unsuccessful in efforts to produce an agreement, the undersigned was selected as the Fact Finder and a hearing was scheduled. Chapter 20 of the Iowa

Code provides that the Fact Finder shall make written findings of fact and recommendations for resolution of the dispute. As the dispute proceeded toward a scheduled Fact Finding hearing, the parties raised differing concerns regarding the exchange of final positions prior to Fact Finding. The parties were advised by the Fact Finder that these concerns were the purview of the Iowa Public Employment Relations Board and would not delay the hearing or the issuance of Recommendations.

The parties presented the Fact Finder with three Issues at Impasse: WAGES, HEALTH INSURANCE, and SICK LEAVE. While various forms of evidence were presented and argued by the parties, both parties relied primarily on comparisons with other cities in Iowa. Both parties used the same group of cities in Iowa that were similar in size to Council Bluffs. The list included five cities that were just above Council Bluffs in population and five cities just below the size of Council Bluffs. These Iowa comparison cities were Cedar Rapids, Davenport, Sioux City, Waterloo, Iowa City, Dubuque, Ames, West Des Moines, Cedar Falls, and Bettendorf.

WAGES. The current agreement provides a pay schedule for public works and recreation employees with seven increments across a matrix of eleven pay grades. Each of the 30 job classifications is assigned one of the eleven pay grades. For the 2002-03 contract year, the hourly rates associated with this pay plan range from \$11.84 to \$20.35 per hour. The Union proposed a 4% increase at each step and grade for the 2003-04 contract. The City proposed a 2.5% across the board increase for the new agreement.

Position of the Union. The Union contends that wages for public works and recreation employees in Council Bluffs are consistently below the levels of pay rates in similar Iowa cities. Using benchmark classifications of utility worker, equipment operator I and equipment operator III, and mechanic, the Union provided evidence to show that, in general, wages in Council Bluffs will lag behind these other municipalities even if the Union final offer of 4% is recommended (Union Exhibit pages 5-19). The Union stresses that the City's offer of 2.5% would seriously worsen this comparison and cause Council Bluffs wage rates to lose even more ground to comparable employees in Iowa (Union Exhibit pages 20-23). The Union submits that a 4% wage increase is needed to sustain a reasonable wage position for the City's public works and recreation staff.

Position of the City. The City argues that a 2.5% wage increase will continue to provide comparable, overall compensation for public works and recreation employees. The City contends that Council Bluffs employees enjoy longevity pay provisions that keep them competitive with similar employees in other Iowa cities (City Exhibit pages 35-38). The City maintains that total compensation also includes the value of fringe benefit provisions. The City stresses that Council

Bluffs public works and recreation employees have traditionally sought more fringe benefit value into their contract agreements, rather than seek pure wage gains. The City estimates the cost of its wage proposal at \$85,366, before including the cost of already scheduled step increases (City Exhibit page 31). The City contends that its wage offer will insure a strong and competitive wage position for Council Bluffs public works and recreation employees.

HEALTH INSURANCE. The current agreement provides for full health coverage for employees and family members, with a \$.10 per month contribution by the employee and an additional contribution for family coverage. The City also provides employee dental and optical insurance. The Union final offer is to retain the existing health insurance program in the contract. The City seeks to amend the existing health insurance clause with a new requirement for all employees to pay 5% of the cost of their applicable health insurance accrual rate.

Position of the Union. The Union maintains that health insurance benefits for Council Bluffs employees, at best, only compare favorably with similar city workers in Iowa. The Union submitted evidence to show that Council Bluffs health provisions reflect the pattern of other Iowa municipalities (Union Exhibit pages 27-42). The Union argues that lower wages in Council Bluffs have not been traded for a higher margin of health benefits, as suggested by the City. Rather, health insurance has kept pace with similar city employees, not exceeded the average in a manner which balanced against lower wage rates. The Union urges that the current contract provisions on health insurance remain unchanged in the contract.

Position of the City. The City contends that the current cost increases in health insurance make it necessary to shift a partial burden to the employees in public works and recreation. The City submits that other City employees will be contributing more toward single and family coverage in 2003-04 (City Exhibit page 49). The City also maintains that it will need to transfer monies to cover anticipated budget shortfalls in the insurance funds and claims in 2003 (City Exhibit 29). The City stresses that health benefits in Council Bluffs exceed the average for similar employees in the comparison group in most forms and strength of employer-paid coverage (City Exhibit pages 42-45). The City argues that its proposal for a 5% employee contribution to health insurance costs is reasonable and justified.

SICK LEAVE: The current agreement contains sick leave provisions which broadly describe the calculation and use of sick leave. The Union seeks no change in the existing sick leave language. The City proposes modifications which would more specifically define sick leave and create a detailed method for accumulating and crediting sick leave.

Positions of the parties. The Union argues that there is no evidence to support a change in current sick leave provisions. The City contends that sick leave language in the present

agreement is too loosely written and, most significantly, does not provide for the accumulation and management of sick leave utilization. The City submits that, both across other Council Bluffs employee units and within the external comparison group, the public works and recreation employees are the only employees without a system for accumulating and accruing sick leave (City Exhibit pages 47-48). The City seeks to align public works and recreation staff with practices used to implement sick leave policy for similar employees.

Discussion. I will recommend below that the 2003-04 contract provide an across the board wage increase of 3% and that there be no changes in the health insurance and sick leave provisions of the existing 2002-03 agreement. These recommendations are founded on the following analysis of the evidence and arguments presented by the parties.

First, I endorse the parties' mutual selection of comparison cities of similar size in Iowa as the most appropriate benchmark for evaluating wage and fringe benefits in Council Bluffs. These cities reflect similar working conditions and populations served by public works and recreation employees. Representing most larger municipalities in Iowa, this comparison group also captures a comparable economic, fiscal, and funding environment for the Council Bluffs and its employees.

Second, I find the evidence on wages from the comparison group to support a 3% increase. The data from both the Union and the City reflect a wage level for Council Bluffs public works and recreation employees which is slightly to somewhat below the norm in the comparison group. While Council Bluffs employees to draw more even through their favorable longevity provisions, they lag behind their counterparts in similar municipalities at earlier and mid-career salary benchmarks. For example, an equipment operator III in Council Bluffs earns an hourly rate of \$16.93 at 12 years, while the average for other cities for this position at 12 years is \$18.13 (City Exhibit page 36). This gap has narrowed to a \$.50 per hour wage differential for a parks maintenance worker II with 26 years of service (City Exhibit page 38). Similarly, a utility worker in Council Bluffs is below the average wage level in the comparison group by 5.6% (Union Exhibit page 21). The City's proposal for a 2.5% increase would further weaken the competitive position of Council Bluffs municipal employees. Of greatest significance, the City's proposal for a 2.5% increase would be below the pattern for settlement or wage change in the comparison group. Most of the similar Iowa cities will see employee raises which hover around 3.5% for 2003-04 (City Exhibit page 50). A 3% increase for Council Bluffs public works and recreation staff would be more comparable with increases in Cedar Rapids, Burlington, Sioux City, Dubuque, Ames, and Waterloo; all with wage increases of 3% or more in 2003-04.

Third, the Union's proposal for a 4% across the board increase, while still retaining the existing insurance program, would not be appropriate. The City faces increasing costs in the maintenance of current levels of employee and family health coverage. That cost is estimated to be approximately an additional \$211,750 for the next contract year (City Exhibit page 32). The City's health insurance cost per employee is anticipated to increase substantially between 2002 and 2003 (City Exhibit 46). The need for further internal budget shifts to fund health insurance must be weighed as part of the City's responsibility to make economic adjustments. It is always preferable to amend the basic structure of an important benefit area through mutual agreement, rather than through adjustment by a neutral fact finder or arbitrator. However, if the City is to sustain a significant level of increased insurance funding with no change in employee contribution, this financial obligation for the City must temper the level of any basic wage increase recommended.

Fourth, and related to the above, the City's police unit settled for a 3.5% wage increase for 2003-04. It is recognized they did so in an agreement which also modified the employee contribution to health insurance premiums for police (City Exhibit page 49). The Fact Finder also notes that the fire and clerical units in Council Bluffs will see a 3.5% wage increase in 2003-04 under two-year agreements not open for bargaining in 2003.

Fifth, on the matter of sick leave provisions, the evidence to support a change in the existing contract was not sufficient. The City mounted a reasonable case for making the administration of sick leave provisions for public works and recreation employees more consistent with other City employees. However, sick leave represents a contract area that was mutually developed by the parties in past collective bargaining. Without substantial evidence of problems under the existing language for using and accumulating sick leave, a neutral's recommendation for change in sick leave is not warranted. There was no significant demonstration of need to amend the current sick leave provisions.

In sum, the above discussion reflects a balance that needs to be recognized in the parties' contract relationship across significant compensation components like wages and health insurance. This is especially important in the face of substantial, unrefuted, increases expected in the cost of health premiums. A 3% wage increase, with no shift or increase in health costs for the employees, is a compensation package which will acknowledge the past, negotiated agreements between the parties. A 3% across the board increase will represent approximately \$101,000 more in basic wages for Council Bluffs public works and recreation employees in 2003-04 over their 2002-03 basic wage rates. This will reasonably sustain their relative position in the comparison group of similar Iowa cities. It should be noted that these recommendations are for a one-year

agreement. The parties are urged to consider the change this represents from their past agreement for a two-year contract. The parties in this dispute have had an impressive and noteworthy record of working together in collective bargaining. They have negotiated voluntary settlements since the 1990 contract year. This enviable record of success has put down deep roots of respect and trust in their joint relationship, something too valuable to be lost in one especially difficult bargaining year.

Therefore, in accordance with the above discussion, I hereby make the following

RECOMMENDATIONS

WAGES. The basic wages of employees in the public works and recreation unit in the City of Council Bluffs shall be increased by 3% across the board for the 2003-04 contract year.

HEALTH INSURANCE. There shall be no changes in the health insurance provisions now provided in the 2002-03 contract.

SICK LEAVE. There shall be no changes in the sick leave provisions currently in place in the 2002-03 agreement.

All other contract provisions are to remain unchanged, except for the contract dates appropriate for a new, one-year, 2003-04 agreement, or to reflect mutual agreement of the parties achieved during the 2003 negotiations.

Bonita Springs, Florida
March 9, 2003


Richard Pegnetter
Fact Finder

Fact Finding
CERTIFICATE OF SERVICE

I certify that on the 9th day of March, 2003, I served the foregoing Award of Arbitrator upon each of the parties to this matter by (FAX personally delivering) (Mail on March 11, 03 mailing) a copy to them at their respective addresses as shown below:

Jim Brich
500 39th St. Suite 200
Des Moines, IA 50312

Dan Homan
3000 Isabella St.
Sioux City, IA 51103

I further certify that on the March 11 day of _____, 2003, I will submit this Award for filing by (_____ personally delivering) (✓ mailing) it to the Iowa Public Employment Relations Board, 514 East Locust, Suite 202, Des Moines, IA 50309.

Richard Pegnetter
Richard Pegnetter, Arbitrator
(Print Name)

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RICHARD PEGNETTER
Arbitrator
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RELATIONS BOARD

March 11, 2003

Jim Brick
550 39th Street, Suite 200
Des Moines, IA 50312

Dan Homan
3000 Isabella Street
Sioux City, IA 51103

Re: Fact Finding – Council Bluffs and AFSCME, PERB CEO #180/1

To the parties:

Enclosed please find two copies of the Fact Finder's Report and Recommendations and a copy of the Fact Finder's Bill in the above matter. A FAX copy of the Report was transmitted to the parties on March 9, 2003.

Please do not hesitate to contact me if I can provide any additional information regarding the enclosed.

Sincerely,

RP

Richard Pegnetter
Fact Finder

✓ Cc: Susan Bolte, Iowa PERB